

Analytical contact:
Milly Leong (+603) 2717 2938



SIME DARBY PROPERTY BERHAD
ASEAN SUSTAINABILITY SRI SUKUK MUSHARAKAH
PRE-ISSUANCE SUSTAINABILITY SUKUK ASSESSMENT
OCTOBER 2020



SUSTAINABILITY SUKUK
ASSESSMENT

Malaysian Rating Corporation Berhad has been engaged by Sime Darby Property Berhad as an independent external reviewer for its Sustainability Sukuk Framework. This external review was conducted according to the analytical framework in MARC's Impact Bond Assessment (IBA) methodology that is published on its website.



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MALAYSIAN RATING CORPORATION BERHAD

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SUMMARY

Sime Darby Property Berhad (SDProp) has engaged Malaysian Rating Corporation Berhad (MARC) to review its Sustainability Sukuk Framework and provide an assessment of the framework's alignment with the ASEAN Sustainability Bond Standards (ASEAN SUS), ASEAN Green Bond Standards (ASEAN GBS) and ASEAN Social Bond Standards (ASEAN SBS), as administered by the ASEAN Capital Markets Forum (ACMF), and the SRI Sukuk Framework in the Securities Commission Malaysia's (SC) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. Developed in consultation with the International Capital Market Association (ICMA), the ASEAN SUS, ASEAN GBS and ASEAN SBS are aligned with ICMA's Sustainability Bond Guidelines, Green Bond Principles (GBP) and Social Bond Principles (SBP) respectively. In assigning the assessment, MARC has relied on pre-issuance information provided by SDProp and associated parties and interviews with its management.

SDProp is Malaysia's biggest property developer in terms of land bank. Publicly listed SDProp has established a proven track record in developing sustainable communities for over 47 years. SDProp has developed the Sustainability Sukuk Framework (the Framework) under which it intends to issue ASEAN Sustainability SRI Sukuk Musharakah and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects of a sustainable nature as specified in the Framework in line with its 2030 Sustainability Goals and the United Nations Sustainable Development Goals (the UN SDGs).

The eligible use of proceeds, as defined in the Framework, can be grouped into five broad categories:

1. Pollution Prevention and Control
2. Terrestrial and Aquatic Biodiversity Conservation
3. Energy Efficiency and Climate Action
4. Affordable Housing
5. Socioeconomic Advancement and Empowerment

These eligible use-of-proceeds categories align with the green and social project categories recognised by the ASEAN GBS and ASEAN SBS. The eligible activities are expected to be impactful given the strong alignment between the specific social, environmental and sustainability criteria for each eligible use-of-proceeds category with SDProp's 2030 Sustainability Goals and the relevant UN SDGs. The eligible green projects will provide tangible environmental contributions through improved resource management and energy efficiency, and carbon emissions intensity reduction. The eligible social projects, meanwhile, will help expand affordable housing supply and support social and economic development by contributing to learning, local employment, as well as micro, small and medium enterprise (MSME) development. The mix of projects that will be financed by proceeds from SDProp's ASEAN Sustainability SRI Sukuk Musharakah will advance the company's strategy and vision of building sustainable communities.

The evaluation and selection process of eligible projects will be completed by a cross-business unit team comprised of members from SDProp's Corporate Sustainability Department, as well as Finance, Corporate Communications, Product Development and Innovation Department, and project teams. Additionally, MARC considers the process for the management of environmental and social risks of eligible projects to be sufficiently robust and aligned with market best practices.

The net proceeds from the issue of sustainability sukuk will not be credited to a segregated account, however, SDProp's Group Finance Department will internally track the use of proceeds of its sustainability sukuk and integrate such monitoring into its annual reporting process. MARC assesses the process for the management of proceeds to be aligned with market practices. SDProp will provide annual reporting on the following, amongst others via its Sustainability Sukuk Report: the use and

allocation of the sukuk proceeds, the unutilised amount and where such unutilised amount is placed or invested pending utilisation, the removal or substitution of eligible assets, and the nominated project's sustainability impacts on its corporate website.

Based on our review of the relevant documentation and assessment as per our IBA methodology, we have assigned a "Gold" IBA to SDProp's Sustainability Sukuk Framework. MARC also opines that the aforementioned framework is correspondingly aligned with the core components of the ASEAN SUS, ASEAN GBS and ASEAN SBS and the SC's SRI Sukuk Framework.

Introduction

SDProp is one of the leading developers of residential, commercial and industrial properties in Malaysia. SDProp has a long operating history that spans over 47 years and a good track record of navigating property sector downcycles. The group was created through the integration of the property arms under the former Golden Hope Plantations Berhad, Kumpulan Guthrie Berhad and Sime Darby Berhad. The group has established a well-recognized brand name with 24 active townships to date, among which include matured townships Subang Jaya, Bukit Jelutong and Taman Melawati. SDProp's recent developments include City of Elmina in Shah Alam, Serenia City in Sepang, Bandar Bukit Raja in Klang and Bandar Universiti Pagoh in Johor. With 19,921 acres of remaining developable land as at end-June 2020, SDProp is Malaysia's largest property developer.

SDProp has smaller activities in property investment, and leisure and hospitality. Its property investment segment operates retail, office and industrial assets in the Klang Valley and Singapore, while its leisure and hospital segment manages a convention centre and three golf courses in Malaysia amongst other assets. SDProp has also extended its geographic footprint to the United Kingdom through the group's participation in the Malaysian consortium that is redeveloping the Battersea Power Station. The redevelopment project has the distinction of being one of the largest housing regeneration projects in Europe. In its home market, SDProp is also addressing the challenges and opportunities from urban growth by pursuing urban regeneration projects in its mature townships in Klang Valley.

SDProp has been forging its own path as a separate listed entity since November 2017 following the demerger of the Sime Darby Group. SDProp's sustainability journey has evolved from an initial focus on operational efficiency and Corporate Social Responsibility (CSR) to an inclusion of sustainability in corporate strategy, operations and culture. As a developer of large-scale projects and townships, SDProp aspires to be a positive force in developing townships with positive economic, social and environment impact on current and future generations. Since 2018, SDProp has been a member of the Dow Jones Sustainability Indices (DJSI) Emerging Markets Index which comprises emerging market sustainability leaders. SDProp is also a constituent for FTSE4Good Bursa Malaysia Index, FTSE4Good ASEAN 5 Index and FTSE4Good Emerging Index.

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COMPLIANCE REVIEW FORM








01 IMPACT SIGNIFICANCE ANALYSIS




Our qualitative analysis of impact is conducted in the context of the United Nations Sustainable Development Goals (SDGs). As a globally accepted guidepost for transition to sustainable development, the SDGs serve as a useful framework of reference for project impact analysis. The 17 SDGs are at the heart of a global sustainability agenda covering three broad areas of economic, social and environmental development to be reached by 2030.

The sukuk proceeds are allocated exclusively to green, social or sustainability projects. The eligible use of proceeds, as defined in the framework, can be grouped into five broad categories:









1. Pollution Prevention and Control
2. Terrestrial and Aquatic Biodiversity Conservation
3. Energy Efficiency and Climate Action
4. Affordable Housing
5. Socioeconomic Advancement and Empowerment

GREEN PROJECTS		
A	Sustainability Category: Pollution Prevention and Control	
<p>Community Recycling Programs and Facilities: Investments in community recycling facilities and systems and education on recycling among the community.</p> <p>Significance to Local Context: Developing a sustainable recycling programme is important to reduce the current burden on landfills. The active and sustained community participation is critical to the success of recycling efforts which are currently affected by a generally low level of awareness and participation of Malaysian households in recycling. Malaysia's recycling rate of 28% in 2017 is less than half of countries such as Germany and Singapore (2017: 68% and 61% respectively). Waste can be prevented through reduction, recycling and reuse.</p>		<p>Sustainability Benefits:</p> <p>Mobilisation of local communities to participate in recycling through awareness programmes and provision of recycling facilities will allow more materials to be recycled rather than sent to a landfill. This will also spur communities to move towards more sustainable patterns of consumption by 2030. Recycling also helps to conserve natural and non-renewable resource and ultimately contributes to a more resource-efficient and climate change resilient economy.</p> <p>Alignment to UN SDG Goals:</p> <div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="text-align: center;"> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  </div> <div style="text-align: center;"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div> <div style="text-align: center;"> <p>13 CLIMATE ACTION</p>  </div> <div style="text-align: center;"> <p>15 LIFE ON LAND</p>  </div> </div>

A Sustainability Category: Pollution Prevention and Control (Cont'd)		
<p>River and Water Body Enhancement and Preservation: Solutions contributing to the restoration and conservation of rivers and other water bodies that have been degraded by existing land uses. The alteration of the natural river ecology and hydrology most significantly and directly affects aquatic life.</p>		<p>Sustainability Benefits: Restoration and maintenance of aquatic ecosystems and their essential ecosystem services, such as water and habitat provisioning, recreation services (nature viewing), flood protection and microclimate regulation. Reduced negative environmental impacts from the development process. Improved ecological conditions for the affected water bodies.</p> <p>Alignment to UN SDG Goals:</p>  
B Sustainability Category: Aquatic and Terrestrial Biodiversity Conservation		
<p>Biodiversity Restoration/Conservation Programme: Investments in restoration and/or conservation initiatives of endangered, rare and threatened native species identified by Forest Research Institute Malaysia (FRIM) and the International Union for Conservation of Nature (IUCN) or restoration of life-supporting ecosystems in partnership with civil society stakeholders including representatives of governments, academic institutions, biodiversity specialists and/or nongovernmental organisations (NGOs).</p> <p>Significance to Local Context: Malaysia is identified as one of 12 'mega-diversity' countries in the world. The planting of native endangered tree species is key to facilitating biodiversity conservation.</p>	<p>In 2011, SDProp adopted the tree-2-tree replacement policy (1:1 minimum); every palm oil tree removed in converting plantation land-use to urban land use would be replaced with at least one tree. The group also tracks how many rare, threatened and endangered trees are planted across the company's developments as part of its biodiversity conservation efforts.</p> 	<p>Sustainability Benefits: Prevention of further reduction of natural forest cover or other natural ecosystems. Arresting and reversing the extinction of endangered native species, which, in turn supports national biodiversity objectives. More resilient ecosystem arising from biodiversity restoration. Carbon sequestration.</p> <p>Alignment to UN SDG Goals:</p>   

C	Sustainability Category: Energy Efficiency & Climate Action	
<p>Green Buildings and Renewable Energy Efficiency Initiatives: Renewable energy initiatives and/or initiatives contributing to the improved energy, water and waste efficiency in SDProp’s developments and/or the development of commercial, residential or industrial properties and investment in properties that meet the energy, water and waste efficiency performance requirements of widely acceptable green certification systems such as LEED, BREEAM, GBI, GreenRE, BCA Greenmark and WELL Building Standard.</p> <p>Significance to Local Context: The use of renewable energy sources will improve Malaysia’s energy security and contribute to the country’s target of generating 20% of its electricity with renewable sources by 2025. Renewable energy also has the additional benefit of producing no carbon emissions, thus limiting its environmental footprint. This will also support Malaysia’s pledge to cut emissions reduction intensity (against GDP) by 45% by 2030.</p> <p>Buildings are responsible for over 30% of global GHG emissions and are a major contributor to climate change. Hence, green buildings also possess huge potential to combat climate change through measures such as energy efficiency. Green building certification tools also recognise the need to reduce water use and use sustainable responsibly sourced materials that are key to determining its sustainability. Energy- and water-efficient homes will enable homeowners to simultaneously save money and reduce their environmental footprint.</p>	 <p>SDProp measures the sustainability performance of its townships throughout its value chain using a bespoke sustainability assessment index, known as SUSDEX.</p> <p>SUSDEX addresses the “township planning to maturity and eventually full handover” lifecycle stages of a township. Developed in 2009, the current version of SUSDEX has 90 indicators across the three spheres of People, Planet and Prosperity based on identified material sectorial sustainability issues per Global Reporting Initiative (GRI) Guidelines, the GBI, LEED, Greenmark green certifications, Crime Prevention Through Environmental Design (CPTED) design principles, UN SDGs and SDProp’s 2030 Sustainability Goals.</p> <p>SDProp conducts SUSDEX yearly to identify gaps in sustainability performance requiring closure action plans. This tool facilitates the evaluation of preparedness for external green certification and aligns the organization’s performance management system with its sustainability commitment to creating socially and economically vibrant communities.</p> 	<p>Sustainability Benefits:</p> <p>Climate change mitigation through greenhouse gas (GHG) emissions reduction/avoidance. Energy and water savings, reduction of waste, efficient land use and use of sustainable materials. Improved adaptive capacity of buildings and homes to cope with climate change.</p> <p>Alignment to UN SDG Goals:</p> 

SOCIAL PROJECTS		
D Sustainability Category: Statutory Housing		
<p>Construction of statutory housing units aligned with Malaysia's National Affordable Housing Policy (NAHP).</p> <p>Significance to Local Context: The authorities face an ongoing challenge in fostering access to good quality affordable housing, particularly in major cities in Malaysia. Urbanisation has increased the demand of houses in urban areas, causing a shortfall in affordable housing supply. Given that housing is both the primary asset and liability of households, affordable housing is becoming more crucial in allowing households to access homeownership while preventing financial risks. Importantly, a meaningful part of the government's affordable housing supply target will have to come from developers such as SDProp. Launched in May 2019, the NAHP outlines the specifications regarding built-up area, quality home standards, development technology and public amenities, as well as selling price for the development of affordable housing.</p>	 <p>SDProp's D3 (Divergent Dwelling Design) pilot project, Harmoni Elmina 1 in its Elmina township. Target populations, namely low to middle income earners, are based on definitions established by the Ministry of Housing and Local Government (KPKT).</p>	<p>Sustainability Benefits:</p> <p>Affordable housing access for low to medium income households.</p> <p>Alignment to UN SDG Goals:</p> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE </p> <p>10 REDUCED INEQUALITIES </p> <p>11 SUSTAINABLE CITIES AND COMMUNITIES </p> <p>Affordable housing design can spur innovation and contribute to reduced construction time, improved quality and reduced construction costs, as witnessed with the usage of Industrialised Building System (IBS) components in SDProp's D3 Sustainable Homes that was implemented in Harmoni Elmina 1.</p>
E Sustainability Category: Socioeconomic Advancement and Empowerment		
<p>Income supplement programmes for B40* households within SDProp's developments.</p> <p>For example, eligible projects include but are not limited to community edible gardening and urban farming initiatives benefiting a low-cost housing community such as SDProp's Chili Farm at Bukit Subang and community recycling programmes.</p> <p>*which comprise the bottom 40% of the nation's income distribution</p>		<p>Sustainability Benefits:</p> <p>Poverty eradication through increasing incomes for low income earning groups. Economic empowerment of lower income earners and economic inclusion.</p> <p>Alignment to UN SDG Goals:</p> <p>1 NO POVERTY </p> <p>10 REDUCED INEQUALITIES </p>

E Sustainability Category: Socioeconomic Advancement and Empowerment		
<p>Development of community-centric micro-, small and medium-sized enterprises (MSMEs) districts and programmes.</p> <p>Significance to Local Context: In Malaysia, MSMEs are the predominant form of enterprise and are major contributors to economic growth. MSMEs contribute significantly to the employment creation process of the private sector and have the potential to promote decent work standards. MSMEs and start-ups need to be supported to tap business opportunities.</p>		<p>Sustainability Benefits:</p> <p>Poverty eradication through employment creation. Economic empowerment for women-owned/led MSMEs. Promotion of national economic growth. Promotion of decent work, entrepreneurship and economic inclusion.</p> <p>Alignment to UN SDG Goals:</p> <p>1 NO POVERTY 5 GENDER EQUALITY</p>   <p>8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES</p>  
<p>Development of educational facilities and educational programmes for the community in collaboration with the government, academic institutions, NGOs and private sector partners.</p> <p>Significance to Local Context:</p> <p>Educational attainment is linked to a wide range of positive outcomes including longer life expectancy, higher employment rates and higher earnings. Education is one of the cornerstones of a sustainable economy in that a well-educated labour pool drives economic productivity in addition to improving the resilience of businesses and the national economy.</p>		<p>Sustainability Benefits:</p> <p>Improved educational infrastructure. Inclusive access to education services. Reduced social disparities. The educational facilities also contribute to the sustainable development of the communities in which they are located.</p> <p>Alignment to UN SDG Goals:</p> <p>4 QUALITY EDUCATION 10 REDUCED INEQUALITIES</p>  

Overall Impact Significance

By issuing sustainability sukuk to finance projects which are integral to achieving SDProp’s vision of creating sustainable communities and its sustainability goals for 2030, and are also aligned to national sustainable development goals, MARC is of the opinion that all the aforementioned five broad use-of-proceeds categories are impactful. MARC also opines that the eligibility criteria set out in the Sustainability Sukuk Framework provide for projects of a sustainable nature. However, MARC would encourage the SDProp to also specify the required certification level designations (for example, LEED “Gold” and BREEAM “Very Good”) for the selected green building certification scheme and the minimum energy savings target for energy efficiency projects. This will provide investors with greater assurance of the environmental benefits of the green projects falling under “Energy Efficiency and Climate Action”.

<input checked="" type="checkbox"/>	Very Significant	This level of impact significance is assigned where underlying projects are expected to generate very visible positive ground level impact. Projects at this level support the realisation of long-term integrated visions of sustainable development that are consistent with global sustainability goals, as well as national sustainable development goals and priorities.
<input type="checkbox"/>	Significant	This level of impact significance is assigned where underlying projects are expected to generate a visible positive ground level impact. Projects at this level have the potential to facilitate adjustments towards a more sustainable development trajectory and to meaningfully advance national level sustainable development goals.
<input type="checkbox"/>	Fairly Significant	This level of impact significance is assigned where underlying projects are expected to generate a ground level impact which, although at a lower magnitude than that expected for higher assessment levels, is still considered noteworthy.
<input type="checkbox"/>	Marginal	This level of impact significance is assigned where underlying projects are expected to generate a positive but limited ground level impact.
<input type="checkbox"/>	Not Significant	This level of impact significance is assigned where underlying projects are expected to have negligible ground level impact.

02 ALIGNMENT WITH ASEAN SUSTAINABILITY BOND STANDARDS, ASEAN GREEN BOND STANDARDS, ASEAN SOCIAL BOND STANDARDS AND SRI SUKUK FRAMEWORK

A summary of the findings of our review is given below. The detailed review is attached in the report's appendix.



Utilisation of Proceeds

Given the broad range of projects and initiatives which can be eligible for financing/refinancing under the framework, SDProp has committed to disclose in its Sustainable Sukuk Report the eligible assets funded through the sukuk proceeds. The framework lists five eligible categories for the use-of-proceeds and corresponding eligibility criteria. The five broad eligible use-of-proceeds categories are aligned with green and social project categories recognised by the ASEAN GBS and ASEAN SBS.

The relevant ASEAN GBS and ASEAN SBS project categories are given as:

Green project categories

- Environmentally sustainable management of living natural resources and land use
- Terrestrial and aquatic biodiversity conservation
- Renewable energy
- Energy efficiency
- Sustainable water and wastewater management
- Climate change adaptation
- Eco-efficient and/or circular economy adapted products, production technologies and processes
- Green buildings

Social project categories

- Access to essential services
- Affordable housing
- Employment generation
- Food security
- Socioeconomic advancement and empowerment

Eligible assets to be financed through the sukuk may belong either to ASEAN GBS' green eligible categories, ASEAN SBS' social eligible categories respectively or both categories (projects have environmental and social co-benefits). Given the broad range of projects and initiatives which can be eligible for financing/refinancing under the framework, SDProp has committed to disclose in its Sustainable Sukuk Report the eligible assets funded through the sukuk proceeds. In MARC's opinion, the defined eligible use-of-proceeds categories meet the criteria for use of proceeds as set forth in the ASEAN GBS and ASEAN SBS, and the SRI Sukuk Framework.



Process for Project Evaluation and Selection

SDProp has assembled a cross-business unit team responsible for project selection comprising:

- Corporate Sustainability Department, Group Managing Director's (GMD) Office
- Group Finance
- Social Responsibility Unit, Corporate Communications
- Product Development & Innovation Department, Development Services

The project teams will be tasked with the initial selection of the potential green or social projects. Proposed assets will be reviewed and validated according to the asset selection guiding principles for the use of proceeds by representatives from the Corporate Sustainability Department. The proposed eligible assets will then be evaluated against SDProp's Sustainability Sukuk Framework. A recommendation for the selection of eligible assets is submitted to SDProp's GMD for approval, jointly supported by the Group Chief Financial Officer and the Head of Corporate Sustainability with the input of the project team. The project teams will assume the responsibility for monitoring the eligible assets portfolio. The eligible assets portfolio is subsequently monitored during the life of the transaction. An eligible asset that ceases to meet the eligibility criteria can be substituted with an asset that is evaluated and selected in accordance with the said procedures.

The Sustainability Sukuk Framework also identifies excluded activities which cannot be financed by the sukuk proceeds. The exclusions list is found in the annexure of the framework.



Management of Proceeds

SDProp aims to allocate the sukuk proceeds towards eligible assets as soon as practicable after the relevant issuance to ensure timely allocation of the sukuk proceeds. Nevertheless, if this is not possible, SDProp will hold the balance of the net proceeds in cash, cash equivalents and/or invest in other liquid marketable instruments in accordance with its liquidity policy until such a time the proceeds can be allocated to eligible assets.

The net proceeds from the issue of sustainability sukuk will not be credited to a segregated account, however, SDProp's Group Finance Department will internally track the use of proceeds of its sustainability sukuk and integrate such monitoring into its annual reporting process. SDProp will not be appointing an auditor or other third party to separately verify its management of proceeds. SDProp has indicated that verifications of this nature would fall within the purview of compliance audits conducted by its Internal Group Corporate Assurance from time to time on SDProp's Group Finance.

So long as the sukuk are outstanding, periodic reconciliation of the tracked proceeds to allocations made to eligible assets will be undertaken and reported in the Sustainability Sukuk Report on an annual basis. MARC is of the view that the process established by the issuer for the management of proceeds is aligned with the requirements of the ASEAN GBS, ASEAN SBS and the SRI Sukuk Framework. SDProp will disclose to investors in the documentation for the issuance of the sukuk the intended types of temporary placement for the balance of unallocated net proceeds.



Principle Four:
Reporting

SDProp intends to provide annual reporting to the sukukholders via its Sustainability Sukuk Report on the following, amongst others:

- Use and allocation of the sukuk proceeds,
- The balance of unallocated proceeds at the end of the reporting period and where this is placed or invested pending utilisation,
- The removal or substitution of eligible assets, and
- The project(s)' sustainability impacts.

SDProp commits to report on the sustainability impacts or expected impacts at project level or aggregated at a project portfolio level with the methodology or assumptions used to determine the impact or expected impact. The selected reporting indicators or quantitative performance indicators are framed around the UN SDGs, as is the group's current corporate sustainability reporting approach.

In MARC's opinion, the reporting commitments are aligned with the requirements of the ASEAN GBS, ASEAN SBS, the SRI Sukuk Framework and market practice.

Overall Assessment

	Clarity of Issuance Process and Disclosure	Total Score
<input checked="" type="checkbox"/>	High	10- 12 points
<input type="checkbox"/>	Good	7 -9 points
<input type="checkbox"/>	Satisfactory	4 – 6 points
<input type="checkbox"/>	Low	Below 4 points

Equal weighting is given to each of the four principles in arriving at the total score which is then expressed on the above four-point descriptive scale which ranges from High to Low.

Assessment Grade	High	Good	Satisfactory	Low
	3	2	1	0

03 ANALYSIS OF SUSTAINABILITY PERFORMANCE

As a leading property developer in Malaysia, SDProp aims to contribute a better society (People); minimise environmental harm (Planet); and deliver sustainable development (Prosperity). SDProp's ultimate objective is to create sustainable communities and deliver townships and integrated developments that meet the needs of society, without impairing the resilience of natural and social capital.

The group is committed to the UN SDGs; in 2019, SDProp mapped the 17 SDGs to its sustainability programmes and business outcomes. In 2019, SDProp also commenced an initiative to articulate new sustainability goals for 2030 (2030 Sustainability Goals). The result of this is a ten-year Sustainability Blueprint that SDProp has commenced integrating it into its strategy to be a leader in building sustainable communities. SDProp takes a value chain perspective on sustainability to help the group identify how it can best manage its impacts and mobilise stakeholders along the value chain to participate and contribute to achieving its sustainability vision and mission.

MARC considers SDProp's overall approach to managing its ESG performance to be robust in that business is managed in a manner that takes into consideration social, environmental and economic risks and opportunities. SDProp's E&S risk management strategy is comprehensive; all segments of the company are subjected to regular risk-based audits undertaken by SDProp's Quality, Environmental, Safety and Health (QESH) Department. SDProp has also commenced mapping its supply chain and identifying risks and opportunities to improve supply chain sustainability. This exercise is expected to be completed by end 2020. The group monitors and manages its environmental performance with quantifiable targets across its value chain through its operational eco-efficiency program (carbon intensity reduction since 2010 and waste and water intensity reduction since 2016). Global climate reporting organisation Carbon Disclosure Project has for 2019 rated SDProp in their reporting category C. SDProp has also integrated social standards (health, safety, working conditions) criteria into its procurement process and a supplier code of conduct is work in progress.

SDProp has demonstrated leadership in sustainable community development through the implementation of noteworthy signature sustainability initiatives in its townships which include the promotion of urban farming within its townships, solar ready homes, homes with multigenerational features to cater for dependent elderly residents, energy efficient homes, and its IUCN Red List tree planting programme and development of its Rainforest Knowledge Centre and IUCN Native Tree Nursery. MARC believes that SDProp's strong social and environmental track record positions it well to issue sustainability sukuk that will contribute to the company's sustainability strategy and commitments.

SDProp's strong sustainability profile is supported by an effective governance structure. Its board of directors is responsible for ensuring that the group adopts economic, environmental, safety and health, social and governance strategies that emphasise sustainable value creation. The Group Managing Director has formal responsibility for the group's sustainability performance and group-wide annual sustainability targets and corresponding operational sustainability plans support the delivery of its business strategy. SDProp formally reports on its sustainability performance through the publication of integrated report that is prepared in accordance with the principles prescribed by the International Integrated Reporting Council.




SDProp’s progress in its sustainability journey has been recognised by the investment community, as demonstrated by the company’s inclusion in the Dow Jones Sustainability Indices in 2018 and the addition of the company in the FTSE4Good BURSA and FTSE4Good Asean 5 for the third year in 2019. Both indices track the companies’ sustainability performance and represent widely recognised industry benchmarks for sustainability referencng.

Sustainability Performance Assessment

<input checked="" type="checkbox"/>	Excellent/Highest Assurance	The issuer positions itself as a sustainability leader in its industry, ranking in the "top tiers" of performance across multiple categories of engagement, ranging from supply chain management to environmental performance. Sustainability-related risks and opportunities are integrated with the business strategy. Well-defined sustainability policies and practices are augmented by strong accountability systems which allow for a benchmarking of the issuer’s performance against stated objectives and the incorporation of external assurance in its sustainability reporting framework.
<input type="checkbox"/>	Very Good/High	The issuer has integrated risk-based sustainability considerations in its operations and has a robust process for assessing significant sustainability risks exposures to minimise adverse impacts on its business. The focus of the issuer’s sustainability performance monitoring and evaluation is on managing risk exposures to minimise downside risk. Globally-recognised best practice reporting frameworks guide the issuer’s sustainability reporting.
<input type="checkbox"/>	Good/Medium	The issuer has adopted a CSR-centric sustainability strategy that prioritises stakeholder engagement and goodwill building. Sustainability is a small part of the issuer’s business strategy, nonetheless there is evidence to suggest that its sustainability performance has progressed beyond maintaining regulatory compliance. The issuer has implemented general sustainability reporting to investors.
<input type="checkbox"/>	Fair/Basic	The issuer has a policy of regulatory compliance but has yet to incorporate sustainability considerations into its business operations. At this performance level, the goal of sustainability management is to achieve and maintain compliance with health, safety, and environmental requirements mandated by government laws and regulations.
<input type="checkbox"/>	Poor/Weak	The issuer has a record of poor sustainability performance or operates in unsustainable industries.

MARC’s assessment of the issuer’s sustainability implementation capabilities and performance is expressed on a five-level descriptive scale that runs from “Excellent” to “Poor” which corresponds to five levels of assurance (Highest, High, Medium, Basic and Weak). The assurance level can be interpreted as a measure of MARC’s confidence in the issuer’s continuing performance of its sustainability obligations in line with marketplace expectations and in compliance with its sustainability framework for the sukuk issuance.

04 RATING SCALE

GRADE	DESCRIPTION
	<p>Bonds assessed at this level are judged to offer very significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support high standards of accountability and transparency.</p>
	<p>Bonds assessed at this level are judged to offer significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support good standards of accountability and transparency.</p>
	<p>Bonds assessed at this level are judged to offer fairly significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support satisfactory standards of accountability and transparency. Minor shortcomings exist in the areas assessed but none of major concern.</p>

MARC

Incorporated in October 1995, MARC is a full-service domestic credit rating institution. MARC's ratings are recognized and accepted in the Malaysian capital markets. MARC is recognized by Bank Negara Malaysia and Securities Commission, respectively, as an External Credit Assessment Institution (ECAI) under Basel II and as a bond rating agency regulated under the Guidelines on the Registration of Credit Rating Agencies issued by the Securities Commission on 30 March 2011. MARC adopts practices and procedures for Domestic Credit Rating Agencies based on the guidance on the Code of Conduct Fundamentals provided by the International Organisation of Securities Commissions (IOSCO) and the Association of Credit Rating Agencies in Asia (ACRAA). MARC has consulted international best practices and the International Capital Market Association's Guidelines for Green, Social and Sustainability Bonds External Reviews in its conduct of external reviews, particularly in relation to the organisation and content of external reviews.

Following a series of outreach and external reviewer capacity building initiatives jointly undertaken by domestic market regulators and World Bank Group, MARC published for public comment its proposed criteria for rating green, social or sustainability bonds in April 2018. The version that was adopted in July 2018 after public consultation can be accessed on MARC's website at https://www.marc.com.my/images/Rating_Methodologies/8/Impact_Bond_Assessments_20180713.pdf. As explained in the criteria, MARC's analytical framework consists of three components that provide insight to the green, social and sustainability credentials of green, social and sustainability bonds: (1) an assessment of environmental and/or social benefits of the underlying funded project(s); (2) an assessment of compliance with internationally recognised principles and market standards for the evaluation of such bonds; and (3) an evaluation of the issuer's sustainability strategy and performance. Bonds which meet the minimum thresholds in each of the three analytical components will be rated Gold, Silver or Bronze.

For more information, visit <https://www.marc.com.my/> or contact us at marc@marc.com.my.

Review of Compliance with ASEAN Green Bond Standards (ASEAN GBS), ASEAN Social Bond Standards (ASEAN SBS), ASEAN Sustainability Bond Standards (ASEAN SUS) and SC’s Sustainable and Responsible Investment (SRI) Sukuk Framework

Issuer: Sime Darby Property Berhad (SDProp)
SDProp Sustainability Sukuk Framework

Key Additional Features to be complied with:

- The proceeds allocated for the Project must not be used for ineligible projects specified by the ASEAN GBS (i.e. fossil fuel power generation projects) as well as the ASEAN SBS (i.e. projects which involve activities that pose a negative social impact related to alcohol, gambling, tobacco and weaponry).
- Continuous accessibility of information on use of proceeds, process for project evaluation and selection, and management of proceeds to investors throughout the tenure of the sukuk.
- Periodic reporting on the allocation of the sukuk proceeds.
- The external reviewer’s credentials and scope of review conducted to be made publicly accessible from a website designated by the Issuer throughout the tenure of the sukuk.

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Issuer <u>ASEAN GBS/SBS/SUS</u> 3.1 <i>The issuer must be an ASEAN issuer, or the eligible green and/or social project(s) must be in an ASEAN country.</i></p> <p><u>SRI Sukuk Framework</u> 7.03 <i>An issuer must not– (a) use or adopt the term “SRI sukuk”; or (b) hold itself out as an issuer of such SRI sukuk, unless the issuance of the SRI sukuk has complied with these Guidelines.</i></p> <p>7.04 <i>An issuer who wishes to issue an SRI sukuk must establish policies and processes to ensure compliance with the SRI Sukuk Framework as set out in these Guidelines.</i></p>	<p><i>The issuer is a resident controlled company.</i></p> <p><i>SDProp is a qualified issuer premised on the compliance of its proposed issuance with the Guidelines.</i></p> <p><i>SDProp has established a Sustainability Sukuk Framework which sets out processes to achieve and maintain compliance with the SRI Sukuk Framework issued by the Securities Commission Malaysia.</i></p>	
<p>Issuance <u>ASEAN GBS/SBS/SUS</u> 3.2 <i>The issuance must be originated from any of the ASEAN member countries.</i></p>	<p><i>The sukuk will be issued in Malaysia.</i></p>	<p><i>Review of the Sustainability Sukuk Framework (the “framework”).</i></p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Use of Proceeds <u>ASEAN GBS/SBS/SUS</u></p> <p>4.1 4.1.1 <i>The utilisation of issue proceeds must be described in the documentation for issuance.</i></p> <p>4.1.2 <i>The Issuer must disclose the following information: The categories of eligible Green and/or Social Projects to which the issue proceeds will be allocated; and/or the information on specific Green and/or Social Projects in the case where the issuer has identified the specific Green and/or Social Projects to which the issue proceeds will be allocated.</i></p> <p>4.1.4 <i>In the event that all or a proportion of the proceeds are or may be used for refinancing, it is recommended that Issuers provide an estimate of the share of financing and refinancing, and where appropriate, also clarify which investments or project portfolios may be refinanced and, to the extent relevant, the expected look-back period for refinanced projects.</i></p>	<p><i>The sukuk proceeds will be used to finance and/or refinance, in whole or in part, new or existing assets, businesses, projects and/or products that meet the eligibility criteria set out in the framework under which SDProp plans to issue sustainability sukuk (“eligible assets”).</i></p> <p><i>The framework lists five eligible categories for the use-of-proceeds and corresponding eligibility criteria. The five broad eligible use-of-proceeds categories are aligned with green and social project categories recognised by the ASEAN GBS and ASEAN SBS.</i></p> <p><i>The relevant ASEAN GBS and ASEAN SBS project categories are given as:</i> Green project categories</p> <ul style="list-style-type: none"> • <i>Environmentally sustainable management of living natural resources and land use</i> • <i>Terrestrial and aquatic biodiversity conservation Renewable energy</i> • <i>Energy efficiency</i> • <i>Sustainable water and wastewater management</i> • <i>Climate change adaptation</i> • <i>Eco-efficient and/or circular economy adapted products, production technologies and processes</i> • <i>Green buildings</i> <p>Social project categories</p> <ul style="list-style-type: none"> • <i>Access to essential services</i> • <i>Affordable housing</i> • <i>Employment generation</i> • <i>Food security</i> • <i>Socioeconomic advancement and empowerment</i> <p><i>The issuer has indicated that it will be reporting the length of time in the past refinanced projects were completed when such projects are included.</i></p>	<p><i>Eligible assets to be financed through the sukuk may belong either to ASEAN GBS’ green eligible categories, ASEAN SBS’ social eligible categories respectively or both categories (projects have environmental and social co-benefits).</i></p> <p><i>The sukuk proceeds are allocated exclusively to green, social or sustainability projects. The eligible use of proceeds, as defined in the framework, can be grouped into five broad categories:</i></p> <ol style="list-style-type: none"> 1. <i>Pollution Prevention and Control</i> 2. <i>Terrestrial and Aquatic Biodiversity Conservation</i> 3. <i>Energy Efficiency and Climate Action</i> 4. <i>Affordable Housing</i> 5. <i>Socioeconomic Advancement and Empowerment</i> <p><i>Given the broad range of projects and initiatives which can be eligible for financing/refinancing under the framework, SDProp has committed to disclose in its Sustainable Sukuk Report the eligible assets funded through the sukuk proceeds.</i></p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Process for Project Evaluation and Selection <u>ASEAN GBS/SBS/SUS</u> 4.2 4.2.1 The issuer must clearly communicate to investors:</p> <p>(i) The environmental/social sustainability objectives;</p> <p>(ii) The process by which the Issuer determines how the projects fit within the identified eligible project categories; and</p>	<p>The environmental and social objectives corresponding to the eligible assets are clearly communicated in the framework. These include developing recycling programs and facilities, restoring and enhancing river and water bodies, restoring/conserving biodiversity, promoting resource efficiency of its commercial, residential or industrial developments, investing in properties that meet specified green certification, expanding affordable housing, and providing socioeconomic advancement within its communities through education, the development of SME, microenterprise and social enterprise business districts, and economic empowerment programmes.</p> <p>SDProp has assembled a cross-business unit team responsible for project selection comprising:</p> <ul style="list-style-type: none"> • Corporate Sustainability Department, Group Managing Director's Office • Group Finance • Social Responsibility Unit, Corporate Communications • Product Development & Innovation Department, Development Services. <p>The steps in to evaluating and selecting eligible assets are outlined in the framework as follows:</p> <ul style="list-style-type: none"> • Proposed assets will be reviewed and validated according to the asset selection guiding principles for the use of proceeds; • The proposed eligible assets will then be evaluated against SDProp's Sustainability Sukuk Framework; • A recommendation for the selection of eligible assets is submitted to SDProp's GMD for approval, jointly supported by the Group Chief Financial Officer and the Head of Corporate Sustainability; and • The eligible assets portfolio is subsequently monitored during the life of the transaction. An eligible asset that ceases to meet the eligibility criteria can be substituted with an asset that is evaluated and selected in accordance with the said procedures. 	<p>The project teams will be tasked with the initial selection of the potential green, social or social projects. Representatives from the Corporate Sustainability Department will then review and carry out an assessment of the sustainability of the prospective projects and validate the eligible assets. The recommendation will be jointly developed by Finance and the Sustainability team with the input of the project team for the approval of SDProp's Group Managing Director (GMD). The project teams will assume the responsibility for monitoring the eligible assets portfolio.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Cont'd</p> <p>(iii) The related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material environmental and social (E&S) risks associated with the selected projects.</p> <p>4.2.2 The Issuer must establish the process for project evaluation and selection prior to the issuance of the Bonds and disclose the same to investors in the documentation for the issuance of the Bonds.</p> <p>4.2.3 Issuers are encouraged to position this information within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental and social sustainability. Issuers are also encouraged to disclose any green and social standards or certifications referenced in project selection.</p> <p>4.2.4 It is recommended that the Issuer's process for project evaluation and selection be supported by an external review.</p> <p>4.2.5 The Issuer must make the following publicly available on a website designated by the Issuer at the time of the issuance and throughout the tenure of the Bonds: (i) The process for project evaluation; (ii) The use of proceeds; and (iii) External review report on the process (if any)</p>	<p>The eligibility criteria to be used for the evaluation and selection of the eligible assets are sufficiently detailed and transparent. The framework also identifies excluded activities which cannot be financed by the sukuk proceeds. The exclusions list is found in the annexure of the framework.</p> <p>The framework outlines the process by which eligibility is assessed, including the eligibility criteria and the business functions involved in assessing eligibility.</p> <p>SDProp has positioned this information within the context of its vision to be the leader in building sustainable communities and its sustainability strategic framework which consists amongst others, policies, objectives, its sustainability ecosystem blueprint, its 2030 sustainability goals, corporate sustainability key performance indicators and risk management. The green and social standards or certifications referenced in project selection include LEEDS, BREAM, GBI, GreenRE, BCA Greenmark and WELL Building Standard.</p> <p>The issuer has appointed MARC as external reviewer for the issuance.</p> <p>The issuer has committed to make the required information available on SDProp's website at www.simedarbyproperty.com.</p>	<p>Our review of the issuer's E&S risk management measures based on information provided by the issuer, suggest that its processes to identify and manage potentially material E&S project risks under the broad categories of environment, health and safety, labour and community from its activities are adequate overall.</p> <p>Review of SDProp's Sustainability Sukuk Framework.</p> <p>SDProp's Sustainability Sukuk Framework will provide information on the process for project evaluation and it will issue a progress report on an annual basis (Sustainability Sukuk Report) that will provide information on the allocation and impacts throughout the tenure of SDProp's ASEAN Sustainability SRI Sukuk Musharakah. MARC's external review assessment will also be made available on SDProp's website.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Cont'd</p> <p>Management of Proceeds</p> <p><u>ASEAN GBS/SBS/SUS</u></p> <p>4.3</p> <p>4.3.1</p> <p>Prior to the issuance of the Bonds, the Issuer must disclose to investors in the documentation for the issuance of the Bonds the process for managing the net proceeds from the Bonds.</p> <p>4.3.2</p> <p>The net proceeds of the Bonds, or an amount equal to these net proceeds, must be credited into a sub-account, moved to a sub-portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process. The total amount deployed from the net proceeds for the eligible projects need not occur simultaneously.</p> <p>4.3.3</p> <p>As long as the Bonds are outstanding, the balance of the tracked net proceeds must be periodically adjusted to match allocations to eligible projects made during that period.</p> <p>4.3.4</p> <p>The Issuer must also disclose to investors in the documentation for the issuance of the Bonds the intended types of temporary placement for the balance of unallocated net proceeds.</p> <p>4.3.5</p> <p>It is recommended that the Issuer's management of proceeds be supplemented by the use of an auditor, or other third party, to verify the internal tracking method and the allocation of funds from the Bonds proceeds.</p> <p>4.3.6</p> <p>Where the Issuer appoints an auditor or other third party to verify the Issuer's management of proceeds, the Issuer must make the report produced by the auditor or other third party publicly available on a website designated by the Issuer at the time of the issuance of the Bonds.</p>	<p>At the point of issuance, SDProp will make its Sustainability Sukuk Framework available on its website.</p> <p>SDProp aims to allocate the sukuk proceeds towards eligible assets as soon as practicable after the relevant issuance to ensure timely allocation of the sukuk proceeds. Nevertheless, if this is not possible, SDProp will hold the balance of the net proceeds in cash, cash equivalents and/or invest in other liquid marketable instruments in accordance with its liquidity policy until such a time the proceeds can be allocated to eligible assets.</p> <p>So long as the sukuk are outstanding, periodic reconciliation of the tracked proceeds to allocations made to eligible assets will be undertaken and reported in the Sustainability Sukuk Report on an annual basis.</p> <p>The Issuer will disclose to investors in the documentation for the issuance of the sukuk the intended types of temporary placement for the balance of unallocated net proceeds.</p> <p>SDProp has indicated that verifications of this nature would fall within the purview of compliance audits conducted by its Internal Group Corporate Assurance from time to time on SDProp's Group Finance.</p> <p>SDProp will not be appointing an auditor or other third party to separately verify its management of proceeds.</p>	<p>The net proceeds from the issue of sustainability sukuk will not be credited to a segregated account, however, SDProp's Group Finance Department will internally track the use of proceeds of its sustainability sukuk and integrate such monitoring into its annual reporting process.</p> <p>Any internal verification is expected to augment any verification that will be conducted by the external auditor as part of SDProp's annual statutory audit.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p><u>SRI Sukuk Framework</u> 7.13 An issuer must ensure that the proceeds allocated for the Eligible SRI projects are credited into a designated account or otherwise tracked in an appropriate manner.</p>	<p>SDProp will internally monitor the allocation of the sukuk proceeds and the eligible assets portfolio, supplemented by any internal and external verifications as appropriate.</p>	
<p>Reporting <u>ASEAN GBS/SBS/SUS</u> 4.4 4.4.1 Issuers must report to investors at least on an annual basis and are encouraged to make more frequent reporting on the use of proceeds until full allocation, and on a timely basis in the case of material developments. The annual report should include a list of the projects to which the Bonds proceeds have been allocated, as well as a brief description of the projects and the amounts allocated, and their expected impact.</p> <p>4.4.2 Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the Issuer may present the information in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).</p> <p>4.4.3 It is recommended that Issuers use qualitative performance indicators, and where feasible, quantitative performance measures and disclose the key underlying methodology and/or assumptions used in the quantitative determination.</p> <p>4.4.4 It is recommended that the Issuer's annual reporting on the use of proceeds be supplemented by a confirmation of such use of proceeds by an external reviewer along with any relevant updates of the external review.</p> <p>4.4.5 The Issuer must provide to investors the annual reporting and the external review on the annual reporting, if any, through a website designated by</p>	<p>SDProp intends to provide annual reporting to the sukukholders via its Sustainability Sukuk Report on the following, amongst others:</p> <ul style="list-style-type: none"> • Use and allocation of the sukuk proceeds, • The balance of unallocated proceeds at the end of the reporting period and where this is placed or invested pending utilisation, • The removal or substitution of eligible assets, and • The project(s)' sustainability impacts. <p>SDProp will provide the information on selected projects or on a project portfolio basis depending on the selected eligible assets.</p> <p>SDProp intends to report on the sustainability impacts or expected impacts at project level or aggregated at a project portfolio level with the methodology or assumptions used to determine the impact or expected impact.</p> <p>Updates of the external review are encouraged by the ASEAN GBS and ASEAN SBS but are strictly voluntary.</p> <p>SDProp commits to report annually and publicly on its ASEAN Sustainability SRI Sukuk Musharakah on its website throughout the tenure of the sukuk.</p>	<p>The selected reporting indicators or quantitative performance indicators are framed around the United Nations Sustainable Development Goals 2030 (SDGs).</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Cont'd the Issuer and/or annual reports throughout the tenure of the Bonds.</p> <p>7.15 Where an issuer is unable to make available comprehensive information as specified in paragraph 7.14 above due to confidentiality agreements or competitive considerations, such issuer may provide the information in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories)</p>	<p>The external review on the annual reporting is encouraged by the ASEAN GBS and ASEAN SBS but is strictly voluntary.</p> <p>SDProp will provide the information on selected projects or on a project portfolio basis depending on the selected eligible assets.</p>	
<p>Disclosure Requirements</p> <p><u>SRI Sukuk Framework</u></p> <p>7.16 The following information must be included:</p> <p>a) The overall SRI objectives that the issuer intends to achieve;</p> <p>b) The utilisation of proceeds from the issuance of the SRI sukuk. Where all or part of the proceeds are used for refinancing, an issuer must provide the amount of proceeds being allocated for refinancing and which Eligible SRI projects to be refinanced;</p> <p>c) The Eligible SRI projects in which the proceeds will be allocated;</p> <p>d) The details of the Eligible SRI projects and to the extent possible, impact objectives from the Eligible SRI projects;</p> <p>e) The processes used by the issuer to evaluate and select the Eligible SRI projects;</p> <p>f) The criteria used by the issuer to identify and manage material environmental or social risks associated with the Eligible SRI projects;</p> <p>g) The processes used by the issuer to manage the proceeds from the issuance of the SRI sukuk; and</p> <p>h) A statement that the issuer has complied with the relevant environmental, social and governance standards or recognised best practices relating to the Eligible SRI projects.</p>	<p>Complied. Refer to assessment of compliance with ASEAN GBS/SBS 4.2.1.</p> <p>Complied. Refer to assessment of compliance with ASEAN GBS/SBS 4.1.1 and 4.1.4.</p> <p>Complied. Refer to assessment of compliance with ASEAN GBS/SBS 4.1.2.</p> <p>Complied. Refer to assessment of compliance with ASEAN GBS/SBS 4.1.3</p> <p>Complied. Refer to assessment of compliance with ASEAN GBS/SBS 4.2.</p> <p>Complied. Refer to assessment of compliance with ASEAN GBS/SBS 4.2.</p> <p>Complied. Refer to assessment of compliance with ASEAN GBS/SBS 4.3.</p> <p>The statement has been inserted in SDP's Sustainability Sukuk Framework.</p>	

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>External Review <u>ASEAN GBS/SBS/SUS</u></p> <p>5.1 <i>Issuers are recommended to appoint external review providers for the bond issuances or programmes.</i></p> <p>5.2 <i>The external review may be partial, covering only certain aspects of the bonds framework or full, assessing alignment with all four core components as stated in the relevant standards.</i></p> <p>5.3 <i>The external review provider must have the relevant expertise and experience in the components of the Bonds which they are reviewing.</i></p> <p>5.4 <i>The external review provider must also disclose their relevant credentials and expertise, and the scope of the review conducted in the external review report.</i></p>	<p><i>Malaysian Rating Corporation Berhad (MARC) has been engaged as independent external reviewer for SDProp's Sukuk Musharakah Programme.</i></p> <p><i>The review conducted by MARC is a full review and addresses alignment with all four components of the relevant standards.</i></p> <p><i>MARC is registered with the Securities Commission Malaysia as a credit rating agency and has conducted the external review according to the analytical framework in MARC's Impact Bond Assessment (IBA) methodology.</i></p> <p><i>Required disclosure of the external review provider's relevant credentials and expertise, and the scope of the review will be made in the external review report.</i></p>	<p><i>MARC has established a transparent score-based framework for its green, social and sustainability bond assessments analysis that is published on the agency's website. The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others.</i></p>

THE UN SUSTAINABLE DEVELOPMENT GOALS

	GOAL 1: End poverty in all its forms everywhere		GOAL 10: Reduce inequality within and among countries
	GOAL 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture		GOAL 11: Make cities and human settlements inclusive, safe, resilient and sustainable
	GOAL 3: Ensure healthy lives and promote well-being for all at all ages		GOAL 12: Ensure sustainable consumption and production patterns
	GOAL 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		GOAL 13: Take urgent action to combat climate change and its impacts
	GOAL 5: Achieve gender equality and empower all women and girls		GOAL 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
	GOAL 6: Ensure availability and sustainable management of water and sanitation for all		GOAL 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
	GOAL 7: Ensure access to affordable, reliable, sustainable and modern energy for all		GOAL 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
	GOAL 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		GOAL 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development
	GOAL 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation		

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MALAYSIAN RATING CORPORATION BERHAD (364803-V)
19-07, Level 19, Q Sentral, 2A Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 KUALA LUMPUR
Tel: [603] 2717 2900 Fax: [603] 2717 2910 E-mail: www.marc.com.my
H-page: www.marc.com.my